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Legislative Update

By Lindy Beale

Retirement Benefits

The repeal of the Deferred Retirement Option Plan (DROP) was the first law passed this legislative session that affected retirement benefits. The RSA stopped accepting applications for DROP March 24, 2011. Members participating in DROP will see no change. However, members who complete participation in DROP but continue to work and do not withdraw from service will experience a change in how interest is credited to their accounts. The interest will be the lesser of either 4% or what the RSA earned the previous year on its investments. In reality, this should have little impact on participants because it is only on extreme occasions that earnings fall below 4%.

The Alabama House has passed an increase in member contributions. Should it also pass the Senate, members of the Teachers' Retirement System (TRS) and regular members of the Employees' Retirement System (ERS) will see their rate increase to 6% on or after May 1, 2011, 7% on or after October 1, 2011, and finally to 7.5% on or after October 1, 2012. Rates for full-time certified firefighters, correction officers, law enforcement officers, and all members of the Judicial Retirement Fund (JRF) will increase to 7.2% on or after May 1, 2011, 8.4% on or after October 1, 2011, and 9% on or after October 1, 2012.

As introduced, the only members of the RSA that are not affected by the contribution increase are members classified as State Police. This includes Department of Public Safety Officers, ABC Enforcement Agents, Ethics Department Investigators, and certain Attorney General Investigators who currently pay 10% in member contributions, but do not contribute to Social Security. ***This will result in extreme inequities between state policemen and other law enforcement personnel.***

The final piece of legislation affecting retirement benefits is the reduction in the budget for the requested funding for the TRS. The passage of the benefit changes listed above will not be sufficient to allow our Board to adjust the employer rate to meet the annual required contribution. This will not only have a devastating effect on the TRS, but also on the state's bond rating. There is speculation that other cuts will be introduced to prevent this from happening.

Health Care Benefits (PEEHIP)

The funding for PEEHIP was reduced by 5%. This comes after three years of level funding. Last year was quite challenging with major increases in member contributions as well as copays and decreased reimbursements for providers. The Board will again be challenged to come up with new changes to cover this deficit. ■

Southeast Unfunded Pension Liability

Source: Moody's Investment Service 1/26/2011

Alabama ranks seventh out of ten Southeastern states in unfunded pension liability. Unfunded pension liability is the difference between the actuarial value of assets and its actuarial accrued liability at a specific moment in time.

There are four main factors that influence unfunded accrued liability:

- Contributions to the retirement system by employers and employees
- Increasing or decreasing retirement benefits
- Investment earnings
- Actuarial assumptions

About 30 years ago, the RSA was funded at a mere 25%, and just 10 years ago was funded at over 100%. But two recessions this decade have caused the funding level to drop to the 70% range, with the TRS at 75% and the ERS at 71%. As the markets return to normal, these liabilities should once again decrease, and the funding level increase. ■

State	Unfunded Pension Liability
Florida	\$17.6mm
Louisiana	\$15.8mm
Kentucky	\$14.9mm
South Carolina	\$12.0mm
Mississippi	\$10.2mm
Georgia	\$9.3mm
Alabama	\$9.2mm
Arkansas	\$3.6mm
Tennessee	\$2.7mm
North Carolina	\$0.5mm

Arizona Flinches

Source: *New York Times*

Arizona, the nation's leader in over-the-top immigration laws, has pulled back. Its Republican-controlled Senate rejected five anti-immigration bills in one day last week. It was a startling rebuke to the Senate president, the architect of the state's go-it-alone approach to enforcement. Other states weighing similar crack-downs should take note.

The reversal has to do with money, of course. The bills were dead once the state's business lobby weighed in against them. Sixty chief executives signed a letter to the Legislature saying the harsh immigration measures were having "unintended consequences" — boycotts, lost jobs, canceled contracts, publicity so bad that businesses with Arizona in their names were suffering — even one based in Brooklyn. The chief execu-

tive of the Chamber of Commerce and Industry, Glenn Hamer, said the reaction to Arizona's extremism had already cost the state \$15 million to \$150 million in lost tourism revenue.

For the record, the new bills sought to end automatic citizenship for illegal immigrants' newborns. They would have required hospitals and schools to collect records on undocumented patients and students. They would have made it a crime for illegal immigrants to drive and prevented them from going to college.

The bills were the product of one overreaching politician, the Senate president, Russell Pearce, who has made it his mission to rid his state of illegal immigrants by ever-more-aggressive means. He was the sponsor of the one bill that started it all, SB1070, requiring police officers to check papers of anyone they

suspected of being unauthorized. That bill last year made Mr. Pearce a national figure, and his success prompted this year's follow-up flurry. One of the bills, SB1611, was a mashup of 16 enforcement measures he had offered repeatedly in sessions past. It died with the others last week.

While it is a relief to see Arizona realizing that bigotry is bad for business, it is not the end of harsh, shortsighted laws. Other legislatures were already striving to follow Arizona's model. There is still a federal vacuum on immigration reform that allows state mischief to thrive. And it's important to note that none of the objections by Arizona's businesses had anything to do with the strong moral arguments against xenophobic anti-immigration bills. ■

Creating Alabama's Tourism Identity and a Legacy of World-Class Golf

By Rick Parnham, *Bay Area Golfing Magazine*, San Francisco

Sometimes it can be done right. Alabama has used golf and retirement as the engine to drive the creation of a tourist brand and provide a burgeoning economic stimulus that would make any government envious.

Thinking of Alabama, it is difficult to determine its identity. The state is blessed with a variety of landscapes, but none of them are truly unique or iconic. Florida has beautiful beaches, Colorado has the majestic Rockies and Arizona the endless desert, while Alabama doesn't have any one truly definitive characteristic. From a cultural perspective, Alabama has a few historic moments in its past, the capitol of the Confederacy and Rosa Parks are two, but again nothing that would drive a tourist to put Alabama on a "must see list."

This all changed when Alabama married golf and retirement in an entirely different way with the creation of the Robert Trent Jones or RTJ Golf Trail. The CEO of Retirement Systems of Alabama, Dr. David Bronner, had a clear and ingenious vision in the late 1980s. In an attempt to diversify the pension fund for state employees, he proposed investing millions to develop and manage a series of golf resorts throughout the state. Not only was this meant to provide a steady return for the fund, but also to attract visitors and create a brand or identity that would raise the profile of Alabama to a world-class golf and tourist destination. The result is a resounding success and perfect example of how a government agency can get it right when entrusted to manage the money of its residents. Since 1992, Alabama tourism revenues have increased in excess of 7 billion annually, with much of this attributed to the more than 500,000 yearly rounds of golf on RTJ Trail courses.

With its many regions, Alabama and the RTJ Golf Trail provide a diverse collection of golfing retreats. The southern stretch of Alabama enjoys the splendors of The Gulf Coast and all that comes with it. The northern expanses are rugged, crossed by the Appalachians, creating deep valleys surrounded by sharp, dramatic, sheerfaced ridges. The central plains are reminiscent of a rolling forested oasis, scattered by rivers and wetland marshes. This varied topography in Alabama provides for many unique properties each with its own character and feel. The courses are as varied as the land they sit upon. Mother Nature should at least be co-credited as an architect of record as Robert Trent Jones used what he was given to the fullest extent.

Forming a partnership with legendary course architect and trail namesake, Robert Trent Jones, what began with the opening of 2 facilities in 1992, has become the foremost golf trail anywhere and the benchmark to which all others must be compared. With 11 public access facilities spread throughout the state, providing 26 courses and 468 holes, there is no shortage of variety, challenge and unique experiences to be had. With green fees peaking at \$64 at all resorts except at Ross Bridge, the value is second to none. Quite frankly, if you can't find something for your golfing tastes here, perhaps you should think about giving up the game.

My personal piece of the Trail experience took me to 4 of the 11 facilities, a 5-day, 7-round whirlwind that challenged and impressed. . . . (Editor's Note: The story has eight pictures on two full pages. You can view the entire article on the Real Estate page of our Web site at www.rsa-al.gov.) ■

Alabama Public Safety and Sentencing Coalition Announces Legislative Package

Alabama has the fourth highest imprisonment rate in the nation with one in every 75 Alabamians currently imprisoned compared to the national average of one in 100 Americans. Our state's dependence on incarceration has led to Alabama having one of the most overcrowded prison systems in the nation, with our prisons currently at 190 percent of their designed capacity. Without action, Alabama will have to spend more than \$150 million in the next five years to build and operate a new prison to accommodate the anticipated growth of 1,500 inmates to our system.

The state of Alabama simply does not have the funds to build and operate more prisons. Over the last ten years our corrections' budget has nearly doubled to \$573 million. Twenty years ago, the corrections budget was just \$133 million. Yet, for all this increased spending, crime rates in Alabama have fallen much more slowly over the past decade than in other states. The national crime rate dropped nearly 19 percent from 1999 to 2009, while in Alabama the crime rate fell just four per-

cent. In short, Alabama is getting a poor return for its public safety dollars.

The Coalition's report, chaired by Chief Justice Sue Bell Cobb and Senator Del Marsh, was announced in a press conference on March 2nd. Subsequently, a legislative package of nine bills was introduced. The policy changes reflected in the legislative package will concentrate prison resources on violent and high-risk offenders, focus supervision resources on higher-risk offenders, hold offenders accountable and reduce recidivism, and protect and support victims of crime.

By reversing the growth of incarceration in the state, the reforms are forecast to save Alabama taxpayers an estimated \$106 million in prison operation costs over the next five years, as well as averting the projected five-year costs of \$151 million if population growth continues unchecked. Finally, the legislative package calls for a portion of those savings to be reinvested to ensure that offenders are well supervised in strong alternative programs. ■

Why Alabama is on the Right Trail

By Doug Hollandsworth, *Golf and Travel*

One of my favorite places to go play golf is right next door to me in Alabama – The Robert Trent Jones Golf Trail. From one end of the state to the other you can find some wonderful golf.

I have always said that the Trail, as it is called, is one of the best marketing ideas I have ever seen. Alabama has done it right! They knew who to get to design the courses and bring golfers to a state that no one would ever think of going to, to play golf.

As you know the Mona Lisa has worn that same, silly little smirk of a smile for more than 500 years. The farmer portrayed in the painting "American Gothic" is still holding on to the same pitchfork. Equally, Venus de Milo, The Thinker, the Sistine Chapel and other great works of art created years ago share a common thread today. They are masterpieces.

A more modern work of art uses the same ideas for its base as the classic works of art. The Robert Trent Jones Golf Trail, much like the aforementioned works, used the bold strokes to produce a work based in simplicity.

It, too, is a masterpiece. But unlike the classics, the Trail isn't afraid to tweak its work, seeking to make it even more beautiful while maintaining the challenges and integrity of the courses' original work and idea.

And so it has. With recent renovations to The Crossings Course at Mobile's Magnolia Grove, the Ridge Course at Birmingham's Oxmoor Valley and The Highlands Course at Huntsville's Hampton Cove, the Trail has altered its original work and come away with a new look; more bold strokes fashioned to present a work of beautiful simplicity, which has been the backbone of the Trail since its inception.

Dr. David G. Bronner, CEO of the Retirement Systems of Alabama, was searching for an idea that would bring new industry to the state of Alabama while also improving the lives of its citizens. "We wanted to change the image of the state," Dr. Bronner said. "The Trail has done that. A lot of people would never have come to Alabama if it hadn't been for the Trail. It has changed the perception of Alabama. The adage, 'bad news travels and good news stays at home', holds some truth."

Good news, in the form of the Trail, traveled, and traveled quickly. Many thought Dr. Bronner's idea of a golf trail throughout the state foolish at best. Others suggested the idea would be a huge failure and end up being just more bad news. They were wrong.

"The most important part of the Trail is that it has attracted industry to Alabama and as such, has helped create

tens of thousands of jobs," Dr. Bronner said. "Many people in the state are working for those industries now and are in jobs paying \$50,000 to \$60,000 a year."

In retrospect, Dr. Bronner said the Trail "turned out a lot better than I had hoped." He said the beauty of the Trail can be seen every day at each of the 11 sites. The Trail's beauty not only is aesthetic, but "it's beautiful because we went into the woods and created something," he said. "It also had a philosophical beauty."

Prior to the Trail, Dr. Bronner said, state tourism was worth \$1.8 billion. That figure grew to \$9.6 billion after the Trail. While the courses offer challenges and opportunities for golfers, it is what the Trail has provided for the citizens of Alabama that most pleases Dr. Bronner.

The Robert Trent Jones Golf Trail is an original masterpiece of golf design and play that has lifted the image and corporate profile of the state of Alabama and provided an improved quality of life for its citizens.

If it were possible, it's the kind of achievement that would make Mona Lisa break into a full bore grin. I guess that is one reason they have two LPGA events at the Trail each year! (Editor's Note: Story included five pictures and can be read in its entirety on the RSA Web site.) ■

ENJOY YOUR SPRING/SUMMER
A Special Deal
FOR RSA MEMBERS

**The Battle House,
A Renaissance Hotel – Mobile – \$99**
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• June 17, 27–30 • July 3–6, 10–16, 22–25

**The Renaissance Riverview Plaza –
Mobile – \$89**
• May 1–12, 22–26, 29–31
• June 17, 27–30 • July 3–6, 10–16, 22–25

Marriott Grand – \$99 plus a 15% resort fee
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• June 5–6, 12–15, 30 • July 17–20, 31

Marriott Grand – RSA Golf Package – \$169
Ask for code – LOCD
Includes: Deluxe Room, One Round of Golf for Two People.
Call for Tee Times after booking package
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• June 5–6, 12–15, 30 • July 17–20, 31

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Renaissance Ross Bridge – Hoover – \$99
• May 1, 5–8, 9–11, 14–16, 21–22, 25–31
• June 1–2, 5–9, 12–13, 19–22, 26–30
• July 4–7, 10–11, 13–14, 17–18, 24–25, 28

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• June 1–2, 5–30 • July 1–11, 16–20, 24–31

Prattville Marriott – \$89
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• June 3–5, 10–12, 16–19, 25–27, 29–30 • July 1–21, 29–31

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• June 5, 10–12, 23–26 • July 1–10, 16–17, 22–23, 29–31

RSA Spa Package – \$159
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and are not applicable to groups.*

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AAA Awards

RSA owned hotels and restaurants receive
record eight AAA four diamond awards

AAA Alabama has awarded the largest number of diamonds in Alabama ever to one group – The Retirement Systems of Alabama. Executives from the Resort Collection on the RTJ Trail were presented with eight Four Diamond Awards. “With six hotels and two restaurants receiving this honor on the same day, this is definitely a record for Alabama,” said Clay Ingram, AAA Alabama spokesman. “From the Grand Hotel, a long-time recipient of the Four Diamond Award, to Renaissance Riverview Plaza in Mobile receiving the honor for the first time, RSA has done a great deal to improve the hospitality level in our state and for our AAA members.”

The RSA-owned hotels that won four-diamond ratings included the Renaissance Mobile Riverview Plaza Hotel, the Renaissance Montgomery Hotel & Spa at the Convention Center, The Battle House Renaissance Hotel & Spa Mobile, Marriott Shoals Hotel and Spa, Renaissance Ross Bridge Golf Resort & Spa, and the Grand Hotel Marriott Resort, Golf Club & Spa. The four-diamond restaurants are the Grand Dining Room in Point Clear and The Trellis Room in Mobile.

WANT TO HELP?

A FREE Car Tag



Tired of that worn-out dealer tag on the front of your car? Would you like to help the RSA and our Alabama Tourist Department advertise “Alabama’s Robert Trent Jones Golf Trail” on your front bumper? If so, call to request a tag at 334.517.7000, or 877.517.0020, or write:

Tag
P.O. Box 302150
Montgomery, AL 36130-2150



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Change the Boards of Control?
Rep. Phil Williams (R) is proposing legislation to replace the elected ERS/TRS Boards with political appointments. Visit www.rsa-al.gov/Legislation/current.html.